USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Scheduled Report - public distribution

Date: 2/27/2009

GAIN Report Number: C19003

Caribbean Basin

HRI Food Service Sector

Eastern Caribbean Region Report

2009

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Report Highlights:
U.S. suppliers will find that the $688 million food service market of the Eastern Caribbean continues to present excellent export potential. U.S. exports of consumer-oriented foods and seafood products reached $254 million in 2008, more than doubling in the past 5 years. Increasing tourist activity, a weak dollar, and a growing appetite for U.S. foods has helped fuel this enormous growth. However, U.S. exporters should be fully aware that difficult world economic conditions and an increasingly competitive environment, means sales will not come as easy in the foreseeable future. Still, there is continued opportunity for some of the top selling U.S. product categories such as poultry, snacks, dairy products, red meats, processed fruits and vegetables, and others.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Miami ATO [C11]
[C1]

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I. Market Summary

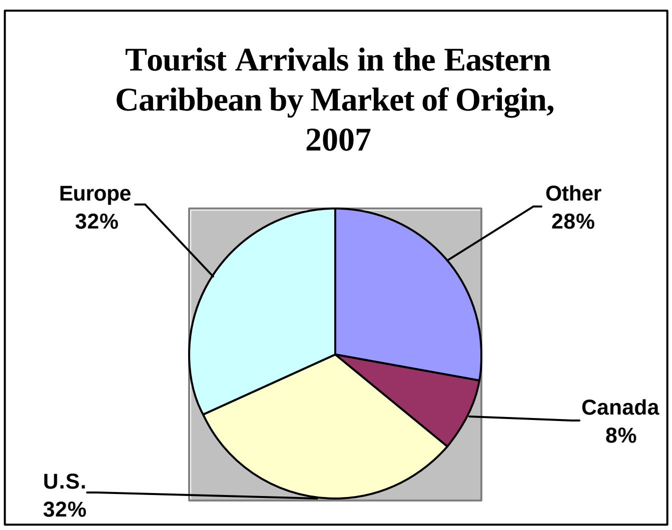
For purposes of this report, the Eastern Caribbean (EC) islands include Anguilla, Antigua and Barbuda, Barbados, The British Virgin Islands (BVI), Dominica, Grenada, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago. These islands have a total land area of 8,713 square kilometers and a population of 2.1 million (2008 estimate).

The economic mainstays of this region are tourism, petroleum refining, and offshore banking. GDP (Purchasing Power Parity) in the EC ranges from $29 million in Montserrat to nearly $30 billion in Trinidad and Tobago. Many of the EC islands, such as Dominica, Grenada, St. Kitts & Nevis, St. Lucia, and St. Vincent and the Grenadines, are small developing nations with limited income levels. On the other hand, countries such as the British Virgin Islands, Trinidad and Tobago, and Barbados, possess some of the strongest economies in the entire Caribbean region.

Eastern Caribbean Islands At A Glance (2008 Statistics, except where noted)

Island / Country	Population (July '08 estimate)	Stop-Over Tourist Arrivals ('07)	GDP (Purchasing Power Parity)	Real GDP Growth (%)	GDP Per Capita (ppp)
Anguilla	14,108	77,652	$108.9 mill[4]	10.2[4]	$8,800[4]
Antigua	84,552	261,786	$1.615 bill	2.1	$19,100
Barbados	281,968	574,576	$5.695 bill	2.8	$20,200
British V.I.	24,041	358,056	$853.4 mill[4]	1[5]	$38,500[4]
Dominica	72,514	54,606	$688.7 mill	2.6	$9,500
Grenada	90,343	129,118	$1.225 bill	3.7	$13,600
Montserrat	5,079	7,745	$29 mill[5]	-1[5]	$3,400[5]
St. Kitts & N.	39,817	118,000[2]	$797.7 mill	3.5	$20,000
St. Lucia	159,585	287,435	$1.8 bill	2.3	$11,300
St. Vincent & The Grenadines	118,432	89,637	$1.089 bill	5.0	$9,200
Trinidad & Tobago	1,231,323	449,452	$29.76 bill	5.8	$28,400

1. 2007 estimate; 2. 2006 estimate; 3. 2005 estimate; 4. 2004 estimate; 5. 2002 estimate.
Source: CIA World Factbook. Tourist arrivals from Caribbean Tourism Organization.



Source: Caribbean Tourism Organization

To a large extent, tourism is the backbone of the economies of the EC islands. In fact, in Antigua and Barbuda and the BVI, tourism accounts for approximately half of the national GDP. In 2007, 2.4 million stop-over tourists and 3.3 million cruise passengers visited the EC islands continuing an upward trend in tourist activity. Unfortunately, preliminary indications are that tourist activity in the EC islands slowed in 2008 given difficult economic conditions around the world. The outlook for 2009 is one of further slowdown and as long as the world economy remains weak and volatile, there will be little relief for the region's economy which is extremely reliant on tourism as a source of revenue and employment.

In terms of local food processing, small-scale processors of pepper sauces, jams, jellies, fruit nectars, rum, and other alcoholic-beverages are prevalent throughout the entire region. However, almost all of the medium to large-scale processors are located on the islands of Trinidad and Barbados. These include manufacturers of processed meat and fish, pasta products, bakery products, confectionary products, dairy products, fruits and vegetables, packaged and convenience foods, wheat flour, and edible oils and fats.

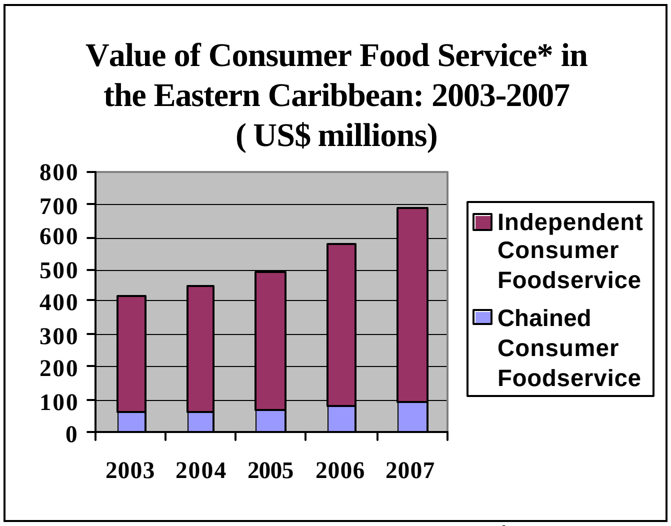
In 2007, the EC islands imported nearly US$1 billion in consumer-oriented agricultural products and seafood. Of the total amount of food products imported into the EC islands, approximately 30 to 40 percent is directed toward the hotel, restaurant, and institutional (HRI) sector, while the remaining 60 to 70 percent is channeled toward the retail sector.

EC Imports of Consumer-Oriented Agricultural Products & Seafood
2007 (except where noted), US Dollars

Country	Consumer-Oriented Products	Fish & Seafood Products	Total
Anguilla	19,399,995	623,909	20,023,904
Antigua & Barbuda	90,584,000	7,889,074	98,473,074
Barbados	175,208,528	18,721,025	193,929,553
British Virgin Islands	n/a	n/a	n/a
Dominica	26,175,280	1,817,190	27,992,470
Grenada[1]	42,550,323	3,733,116	46,283,439
Montserrat	3,932,305	318,518	4,250,823
St. Kitts & Nevis	38,164,181	3,927,847	42,092,028
St. Lucia	89,746,724	6,812,628	96,559,352
St. Vincent & the Grenadines[1]	39,501,740	2,039,864	41,541,604
Trinidad & Tobago	359,064,955	25,640,967	384,705,922
TOTAL	884,328,031	71,524,138	955,852,169

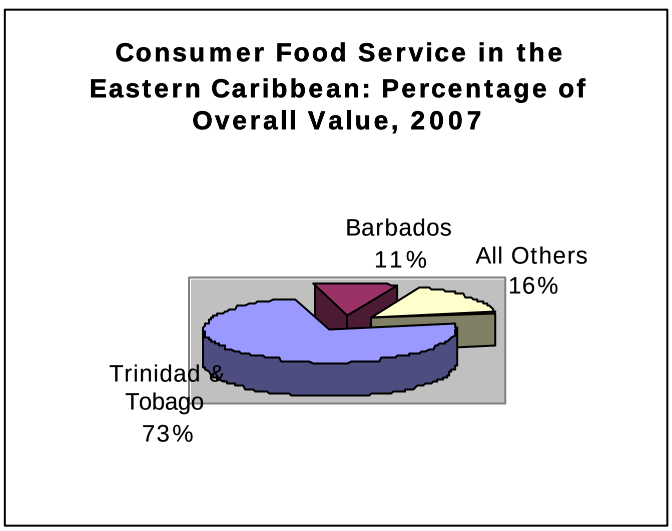
1. 2006 data.
Source: Global Trade Atlas.

The hotel sub-sector makes up roughly 65 percent of the total HRI market, followed by the restaurant sub-sector at 33 percent, and the institutional sub-sector at 2 percent. There are approximately 1,184 tourist accommodation establishments, including 348 hotels, in the eastern Caribbean. Additionally, there are numerous restaurants located throughout the islands of the eastern Caribbean. While there is no data available on the value and growth of the individual HRI subs-sectors, in 2007, the EC islands' total consumer food service sector was valued at $688.4 million, 19 percent higher than in 2006. Independent foodservice establishments constituted approximately 84 percent of the total value of food sales, while chained establishment contributed 16 percent.



*Consumer foodservice is composed of cafés/bars, full-service restaurants, fast food, 100% home delivery/takeaway, self-service cafeterias and street stalls/kiosks.
Source: Euromonitor

With a population of 1.2 million, Trinidad and Tobago's food service sector accounts for the lion's share (73 percent) of food service sales in the EC islands, followed by Barbados' with 10.7 percent. All the other EC islands contribute between 1 and 3 percent of the region's food service sales.



Source: Euromonitor

Overview of Market Advantages and Challenges Facing U.S. Exporters in the Eastern Caribbean	
Advantages	**Challenges**
In terms of consumer-oriented products and seafood, the United States has a dominant market share (40 percent) in the EC islands.	Overall Caribbean well-being is overly dependent on tourism. Hence, economies remain very susceptible to any factors that may disrupt tourism (i.e. the world economy, terrorism, more active hurricane seasons, etc.).
Proximity and ease of shipment work to the advantage of U.S. suppliers.	In some markets a key constraint is breaking the traditional liaisons with Europe. Chefs in many islands are European-trained and thus prefer European products.
For the most part, the regulatory environment is fairly open to all types of U.S. products.	In some cases there are less expensive ocean transportation rates from Europe than from the United States.
Exposure to US media as well as language, cultural, and commercial ties with the United States all contribute to consumers having a positive attitude toward U.S. products.	With the population of individual islands being relatively small, import orders tend to be small and favor mixed rather than full container loads.
The United States is the source of a third of all stop-over tourists visiting the EC islands, boosting demand for U.S. foods.	The playing field is becoming more competitive. CARICOM recently signed a trade agreement with the EU and other agreements with Canada and several Central American countries are also under negotiation.
Although tourism is expected to slowdown in 2009, it continues to be a key factor in generating demand for U.S. products, particularly in the food service sector.	Certain products, particularly meat and poultry, may be restricted in selected markets.

II. Road Map for Market Entry

A. Entry Strategy

In general, wholesalers/distributors in the eastern Caribbean maintain the bargaining power in the market and serve as the principal intermediaries between suppliers and buyers. Therefore, U.S. suppliers wishing to enter the HRI food service market in the eastern Caribbean should start by contacting local wholesalers/distributors. Local wholesalers/distributors have a wide access to the food and beverage markets, possess relatively large warehouse facilities, and carry a large inventory of products.

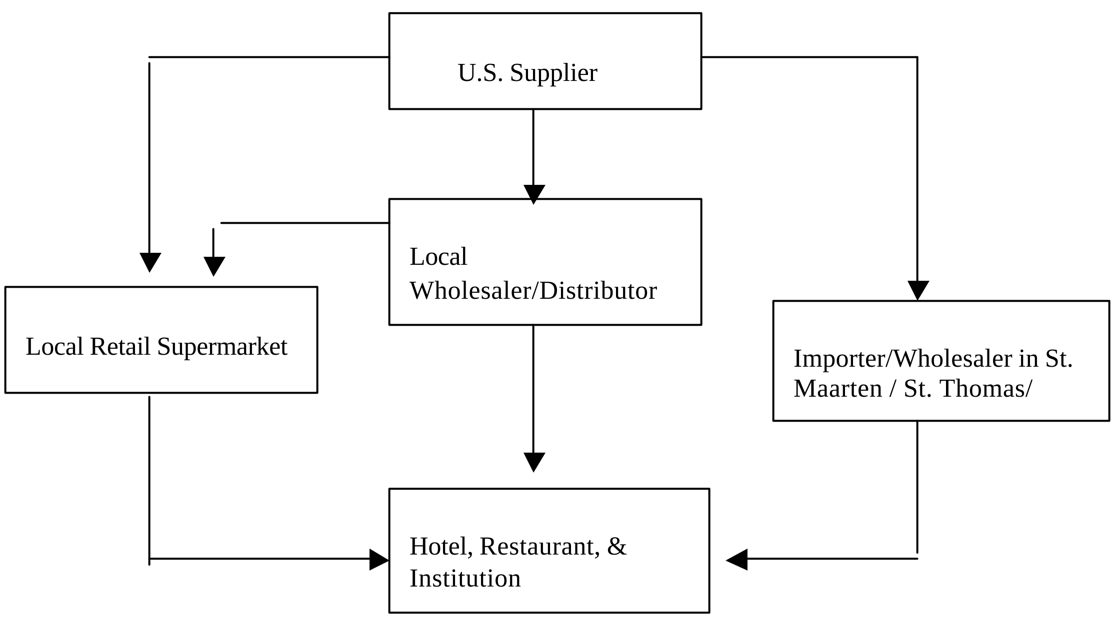
However, in the case of the large-scale hotels and resorts, imported products represent approximately 90 to 95 percent of their total food and beverage purchases, and a very large percentage of these purchases are made through the direct importation from foreign suppliers. Therefore, it is also recommend that U.S. suppliers contact the food and beverage directors of these establishments directly.

U.S. food products represent the majority of the foreign products imported by the local wholesalers/distributors. Local wholesalers/distributors hold U.S. products in high regard with respect to quality and packaging. Wholesalers/distributors also enjoy trading with U.S. exporters because of the reliability of service.

B. Market Structure

HRI establishments in the eastern Caribbean buy approximately 70 percent of their food and beverage products from local wholesalers/distributors (imported products), while local farmers and processors supply 15 percent of their food and beverage needs, 10 percent is obtained from local retail outlets, and the remaining 5 percent of their needs are imported directly from U.S. suppliers.

Local wholesalers/distributors typically import, wholesale, and distribute their product to the various HRI outlets in the EC islands. In addition, it is quite common for the wholesalers/distributors to sell their product in their own retail outlets. In many of the smaller islands, local wholesalers/distributors have a circulating fleet of 'cash vans' that sell to the food service establishments. It is important to note that while the wholesalers/distributors in the larger markets such as Trinidad and Tobago and Barbados typically import a full range of products, the majority of the wholesalers/distributors in the smaller islands of the EC focus on dry goods, while importing only a small quantity of fresh and frozen products. There are specialized importers within the majority of the smaller EC islands, which focus specifically on fresh and frozen products.



In addition to the large-scale hotels and resorts, which import products directly from U.S. suppliers, some of the larger independent restaurants buy select food and beverage products directly from Miami-based wholesalers (who also consolidate for the Caribbean importers). Moreover, many of the larger independent restaurants in St. Kitts, Anguilla, and Antigua and Barbuda, buy from distributors in St. Maarten, Puerto Rico and/or St. Thomas (U.S. Virgin Islands). The geographic proximity of these markets to the smaller EC islands, in addition to the duty-free status of St. Maarten, makes them prime distribution hubs for food products originating from the United States, Europe, and elsewhere around the world.

C. Sub-Sector Profiles

1. Hotels

Accommodations in the EC islands include all-inclusive resorts, luxurious hotels, affordable family-friendly hotels, self-catering apartments and villas, and intimate guest houses and plantation inns. Overall, the EC region boasts over 1,184 accommodation establishments and approximately 28,000 rooms. Nearly two thirds of all accommodations in the EC islands are concentrated in Barbados, Trinidad and Tobago, St. Lucia, and Antigua and Barbuda. In preparation for the 2007 Cricket World Cup, which was hosted by the Caribbean, many new hotels were constructed and existing ones were renovated and expanded.

Tourist Accommodations in the Caribbean (2006 data except where noted)

	# of Rooms	Occupancy Rate	% of Rooms in Hotels vs. Other Accommodations[1]
Anguilla	756	41.9	45.2
Antigua & Barbuda	3,276	n/a	87.1
Barbados	5,945	49.7	77.7
BVI	1,869	83.4	66.6
Dominica	931	n/a	n/a
Grenada	1,470	71.0	59.7
Montserrat	344[2]	n/a	n/a
St. Kitts & Nevis	1,754	n/a	n/a
St. Lucia	3,974	64.8	79.2
St. Vincent & The Grenadines	1,778	n/a	51.5
Trinidad & Tobago	5,929	52.0	56.9
Total	28,026	n/a	n/a

1. Based on data ranging from 2003 to 2006. 2. 2005 data.
Source: Caribbean Tourism Organization

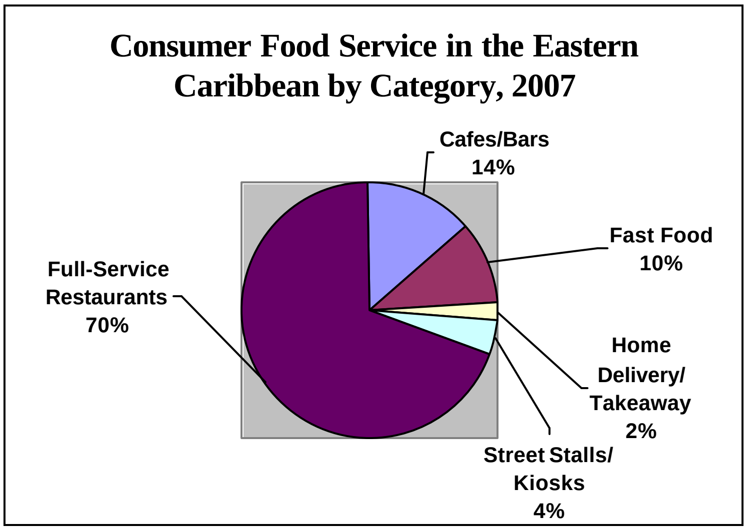
Most accommodation establishments in the region have at least one restaurant on property, usually a fine dining restaurant, a casual beach grill, and/or a family style/buffet breakfast or lunch eatery. It is not unusual for the large-scale hotels and resorts to have as many as eight restaurants on their properties, in addition to a number of lounges and full catering and banquet services. In general, large-scale hotels and resorts possess their own warehouses and typically import and receive weekly shipments of food and beverage products from Florida-based suppliers. However, these establishments also rely on local wholesalers/distributors for some of their food and beverage needs. U.S. products represent the majority of the total food and beverage purchases made by the large-scale hotels and resorts. For example, U.S. products represent 90 to 95 percent of the total food and beverage purchases made by the Marriott Resort and the Royal Beach Casino located in St. Kitts, one of the largest hotels in the eastern Caribbean.

The majority of the other accommodation establishments, including small hotels, plantation inns, guest houses, and bed and breakfasts, purchase a substantial amount of their food and beverage needs from local farmers, and to some extent from local processors. However, when they do use products from foreign suppliers, they typically rely on local wholesalers and retail outlets for their purchases. The smaller accommodation establishments find it difficult to work directly with international suppliers for a variety of reasons, such as a lack of buying power and limited storage space. U.S. products represent between 40 to 60 percent of the total food and beverage purchases made by small hotels, plantation inns, guesthouses, and bed and breakfasts.

(Note: While this report is regional in scope, it is impractical to provide a complete listing of hotels and their profiles for all 11 islands. Please see Section V for a listing of organizations providing more information on the subject.)

2. Restaurants

With a 70 percent market share, full-service restaurants account for the largest percentage of consumer food service sales in the EC islands, followed by cafes and bars, and fast food restaurants. In 2007, the estimated total value of full-service restaurants in the EC islands was US$475 million. European full-service restaurants accounted for the largest percentage of the market with a 24 percent market share, followed by pizzerias with 13 percent, Caribbean/Latin American restaurants with 11 percent, and casual dining restaurants with 7 percent. Independently-run consumer food service establishments account for the bulk of outlets and food service sales in the region. Chained food service establishments dominate only in fast food and delivery/takeaway sub-sectors.



Source: Euromonitor

As a whole, the Caribbean has a relatively large number of independent restaurants compared to chain establishments. These restaurants, located outside of guest accommodations, cater to both the local and tourist populations. All types of cuisines are available in these restaurants. Within the fine dining establishments, most chefs are international, while in the casual eateries most chefs tend to be local. The majority of the independent restaurants in the eastern Caribbean use local seafood, fruits, vegetables, baked goods, and beverages when these products are readily available. They also turn to local wholesalers/distributors and retailers for some of their food and beverage purchases, as they do not have enough buying power to buy imported goods directly from foreign suppliers. U.S. products represent between 40 to 60 percent of the total food and beverage purchases made by the independent restaurants in the EC islands.

Chained food service outlets present in the region include restaurants such as Ruby Tuesday's, T.G.I. Friday's, and fast food chains such as Kentucky Fried Chicken, Pizza Hut, and Subway. The companies usually obtain their products through their supply chain in the United States, or use local wholesalers/distributors for their food needs.

(Note: While this report is regional in scope, it is impractical to provide a complete listing of restaurants and their profiles for all 11 islands. Please see Section V for a listing of organizations providing more information on the subject.)

3. Institutions

The institutional food service sub-sector accounts for less than 2 percent of the total HRI food service sector in the eastern Caribbean. This sub-sector includes the distribution of food and beverages to hospitals, schools, and prisons. The governments of the respective EC islands are usually in charge of awarding contracts for the food purchases made by these intuitions. Generally speaking, local farmers and food processors supply this sub-sector with most of its food and beverage needs. To a lesser extent, these institutions are supplied by local wholesalers/distributors.

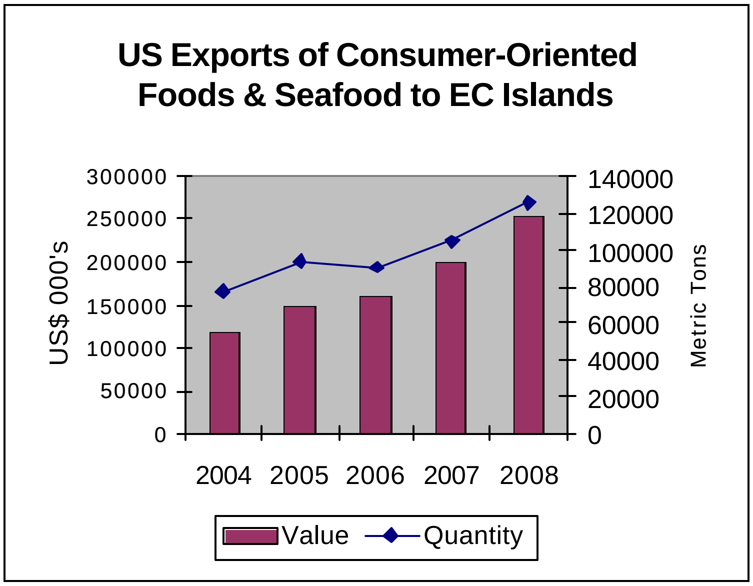
In addition, this sub-sector includes institutional catering. As the EC islands constitute some of the most popular yachting destinations in the entire western hemisphere, yacht provisioning is an attractive market niche worth noting. It is estimated that food and beverage constitute approximately 15-20 percent of the total yacht expenditures in the EC islands. The yacht community of the region, representing people from all over the globe (approximately 40-50 percent U.S.), usually obtain their food provisions from a supplier specializing in yacht provisioning and tend to prefer imported brand name products. Many retailers in Antigua, Tortola (BVI), and some other islands cater specifically to the yacht industry.

In addition, Trinidad and Tobago has a large petroleum industry which demands a wide array of food products for both land-based and offshore oil and natural gas operations. Local catering businesses in Trinidad provide a full range of services, which includes food purchasing as well as meal preparation for the nationals and expatriates (usually of U.S. or British origin) working on rigs and platforms. While the majority of the catering companies purchase their products from local importers, some of the larger companies have begun importing food and beverage products directly from U.S. suppliers.

III. Competition

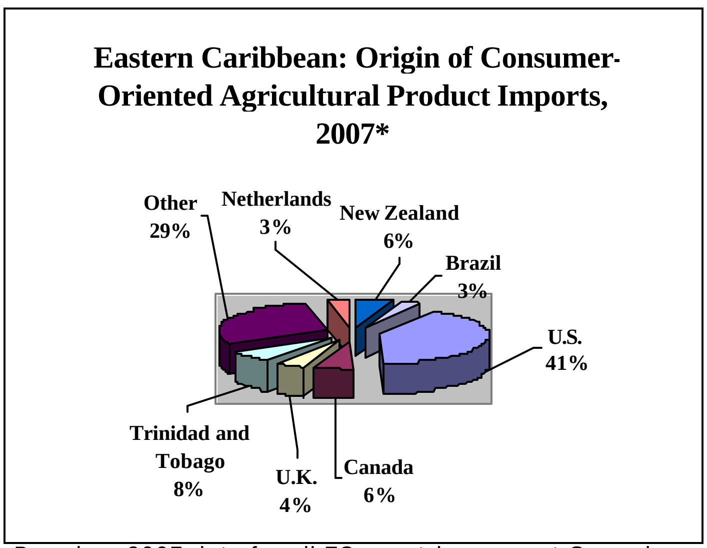
According to UN data (as compiled by Global Trade Atlas), the United States is the region's main trading partner in terms of consumer-oriented and seafood products with an approximate 40 percent market share. U.S. trade statistics indicate that in 2008 the United States exported 126,568 MT (US$253.9 million) of consumer-oriented foods and seafood products to the EC islands. This represents a gain of 20 percent in terms of volume and 26 percent in terms of value from 2007.

With regards to consumer-oriented food products, U.S. products face competition from local food processors, particularly those in Trinidad and Tobago and Barbados, as well as those within other Caribbean nations such as Jamaica. As the EC islands are CARICOM member-states, many of the local wholesalers import fresh fruits, ice cream, jams, jellies, sauces, condiments, juices, snack foods, beverages, and fish products from CARICOM countries since they are duty-free.



Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics

U.S. products also face competition from other foreign suppliers in various product areas. Given historical ties, and strong cultural, political, and economic similarities with the United Kingdom, it is not surprising that products and brands from the United Kingdom are popular in the region. Additionally, due to Canada's geographic proximity, Canadian products also have a strong presence in many EC island markets.



* Based on 2007 data for all EC countries, except Grenada and St. Vincent & the Grenadines (2006 data).
Source: Derived from Global Trade Atlas data.

The following table illustrates the respective country market shares in various product categories:

Product Category	Major Supply Sources	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers
Meat Products	1. United States 45% 2. Canada 15% 3. New Zealand 14%	1 & 2: Quality, value in terms of red meats 3: Quality in terms of lamb	Limited Supply of local and regional sources. Poultry suppliers exit in Barbados & Trinidad.
Fish and Seafood Products	1. Canada 26% 2. United States 19% 3. Norway 8% (Trinidad and Tobago has approximately an 8% market share).	1 & 2: Variety	Supply limited to local catch.
Processed Meat, Fish, and Seafood Products	1. United States 34% 2. Canada 18% 3. Brazil 11%	1 & 2: Quality, variety and price	Limited supply of local and regional sources
Dairy Products	1. United States 20% 2. New Zealand 18% 3. Ireland 13%	1: Quality, variety 2: Quality, price	Limited supply and variety in many islands. However, Barbados has a strong dairy sector (in relative terms)
Fresh Vegetables	1. United States 38% 2. Netherlands 24% 3. Canada 20%	1: Quality, variety, price	Limited season supply. Quality is not always sufficient to meet HRI standards.
Fresh Fruit and Tree Nuts	1. United States 58% 2. St. Vincent and the Grenadines 8% 3. Dominica 3%	1: Quality, variety, price	Local supply limited to tropical fruits.
Processed Vegetable, Fruit, and Tree Nut Products	1. United States 36% 2. Canada 14% 3. Belize 10% (Trinidad and Tobago has a 9% share)	1 & 2: Quality, variety, price.	Limited supply of local & regional sources. However, local products cater to regional taste preferences.
Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office			

IV. Best Product Prospects

Best Product Prospects for the Eastern Caribbean HRI Market			
Product Category	**Export Value 2008 (US$ millions)**	**5-Yr Avg. Annual Growth**	**Key Constraints Over Market Development**
Poultry Meat	54.2	30.9	High duties in selected markets. Foreign Competition in commodity product.
Red Meats, Fr/Ch/fz	21.4	57.5	Some BSE restrictions in selected markets
Dairy Products	24.2	59.0	High duties in selected markets for cheese, ice cream, etc.
Fruit & Vegetable Juices	11.0	14.5	n/a
Snack Foods	25.9	35.2	n/a
Processed Fruits & Vegetables	17.3	28.4	n/a
Fresh Fruit	13.9	29.7	n/a

V. Contact Information

A. For more information on the islands of the eastern Caribbean, please contact:

Caribbean Basin Agricultural Trade Office
Foreign Agricultural Service
United States Department of Agriculture

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Miami, FL 33131
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Fax: (305) 536-7577
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Omar González, Agricultural Marketing Specialist
E-mail: omar.gonzalez@fas.usda.gov

Graciella Juelle, Agricultural Marketing Assistant
E-mail: grace.juelle@fas.usda.gov

Please visit our website for more reports and information on islands of the Caribbean Basin:
http://www.cbato.fas.usda.gov

B. Other Sources of Information on the eastern Caribbean islands:

The websites listed below are provided for the reader's convenience; USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained in these websites.

Anguilla Hotel & Tourism Association
Tel: (264) 497-2944
Fax: (264) 497-3091
E-mail: ahta@anguillanet.com
Website: www.ahta.ai

Antigua Hotels & Tourist Association
Tel: (268) 462-0374 / 462-3703
Fax: (268) 462-3702
E-mail: ahta@candw.ag
Website: www.antiguahotels.org

Barbados Hotel & Tourism Association
Tel: (246) 426-5041
Fax: (246) 429-2845
E-mail: info@bhta.org
Website: www.bhta.org

BVI Chamber of Commerce & Hotel Association
Tel: (284) 494-3514
E-mail: bviccha@surfbvi.com

Dominica Hotel & Tourism Association
Tel: (767) 440-3430
Fax: (767) 440-3433
E-mail: dhta@cwdom.dm
Website: www.dhta.org

Grenada Hotel Association
Tel: (473) 444-1353
Fax: (473) 444-4847
E-mail: grenhota@caribsurf.com
Website: www.grenadahotelsinfo.com

Montserrat Tourism Association
Tel: (664) 491-2230/8730
Fax: (664) 491-7430
E-mail: vuepointe@candw.ag
Website: www.visitmontserrat.com

St. Kitts & Nevis Hotel & Tourism Association
Tel: (869) 465-5304
Fax: (869) 465-7746
E-mail: stkitnevhta@caribsurf.com
Website: www.stkittstourism.kn

St. Lucia Hotel & Tourism Association
E-mail: slhta@candw.lc

Website: www.slhta.org

St. Vincent & The Grenadines Hotel & Tourism Association
E-mail: office@svghotels.com

Trinidad & Tobago Hotel, Restaurant & Tourism Association
Tel: (868) 634-1174/75
Fax: (868) 634-1176
E-mail: info@tnthotels.com (Trinidad Chapter) tthtatob@tstt.net.tt (Tobago Chapter)
Website: www.tnthotels.com